

Sensex, Nifty End Higher Post RBI's Monetary Policy Outcome

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The Dalal-Street cheered the central bank's decision to leave the interest rates unchanged and keeping the liquidity stable in the markets. The Sensex jumped over 500 points in the intraday session led by gains in IT and heavyweight Reliance Industries.

Sensex and Nifty continued their upward run for the second consecutive session as sentiments in the market were upbeat amid the RBI's Monetary Policy outcome. On the other hand, heavyweight index stocks also fueled the rally in the markets on Friday, October 8.

The Sensex ended the day's session at 60,059.06, up 381.23 points, while the Nifty-50 closed higher by 104.85 points at 17,895.20. The BSE Sensex witnessed buying interest among 14 out of 30 scrips in the pack, while 16 ended in the red. Shares of Reliance Industries supported the most in the rally as the scrip was up over three per cent, while those of Infosys and TCS contributed two per cent each.

Sector-wise, the Nifty IT pack was the top gainer among all other sectors ahead of Q2 earnings TCS. Shares of TCS jumped over two per cent in the day's trade, while those of Mindtree and COFORGE gained four and three per cent, respectively. On the other hand, the Pharma, FMCG, and Realty counters ended red with Nifty Realty being the worst hit, down over two per cent, mainly due to profit booking.

Overall, 974 shares advanced and 853 shares declined at market closing in the NSE.

MPC outcome effect on markets

The RBI's Monetary Policy outcome was in-line with the market expectations as the central bank maintained its dovish stance leaving the interest rates unchanged and keeping the liquidity tap open in the market, said experts.

Ms. Rajee R, Chief Ratings Officer, Brickwork Ratings, said, "RBI continued its dovish stance and maintained its promised tone of accommodation to support growth, oriented to domestic circumstances. The increase in quantum of VRRR from Rs. 4 Lakh Crs. to Rs. 6 Lakh Crs, possibility of 28-day VRRR, halting the bond buying under the G-SAP and emphasising that it would be ready for such need based auctions indicates the continuity of gradual policy normalization on the liquidity front."

Having similar views, Indranil Pan, Chief Economist, Yes Bank, said, "The RBI was clear about the fact that it would be careful of not rocking the boat in any way. RBI Governor went to the extent of pointing out that we are close to the shore but there is a life beyond the shore too. RBI walked the talk with its actions by not changing the policy rates – both the repo as also the reverse repo rates."

Furthermore, experts expect that banks will show good performance and NBFC stocks will perform better as RBI has decided to introduce the Internal Ombudsman Scheme to further strengthen the internal grievance redress mechanism of NBFCs.